

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Steady tone was witnessed in Sugar physical markets today in India. Sugar prices were lower in Khatuli by 10-20 at Rs. 3160/q. Prices were lower in Kolhapur at Rs. 3000/q.

Brahmavar sugar factory has started producing organic jaggery. The factory has prepared jaggery without using chemicals and has also received good response from the consumers; the jaggery is directly sold to the consumers without any intermediary. The factory with the capacity to grinding 15 tonnes of sugarcane per day has produced around 450 kg of Jaggery.

Weather Forecast:

Dense fog in isolated pockets very likely over Punjab, Haryana, Chandigarh & Delhi and West Uttar Pradesh. Strong winds very likely over Gulf of Mannar and Comorin area.

Previous Updates:

Farmers's agitation has impacted cane harvesting in Gohana, Haryana. The on-going farmers' agitation for the withdrawal of farm laws has impacted the sugarcane harvesting activities. Due to this, sugar mills are facing lower supply of cane for crushing. Earlier, the mill had set a target of crushing 47 lakh quintal of sugarcane for this season. But till date, the mill could only complete crushing of 18.75 lakh quintal sugarcane. The farmers from the region are rushing to participate in the agitation resulting in lowering the speed of crushing activities.

Sugarcane farmers from Uttarakhand have launched an agitation to hike the sugar price. Farmers from the Tarai region of the state depend mainly on the sugarcane crop and the farmer's income is depend on the income which they get from sugarcane crops. According to farmers, the government is not increasing the purchase rate of cane which is affecting the farmers' income.

The Government has increased the budget estimates under ethanol interest subvention scheme from Rs 50 crore (budget estimate 2020-21) to Rs 300 crore in the financial year 2021-22. The estimate for 2020-21 is six times more from the previous estimates and this would encourage domestic sugar mills and distilleries to enhance production from ethanol for sugarcane and surplus grains like maize, rice available with FCI and other feed stocks. The budget has also proposed to increase customs duty on import of ethanol from 2.5 to 5 percent with a view to encourage domestic manufacturing of denatured ethanol.

Mills in India have produced around 176.83 lakh tonnes of sugar till 31st January'21. According to the Indian Sugar Mills Association, 491 sugar mills were in operation in the country till 31st January 21 and have produced around 176.83 lakh tonnes of sugar, as compared to 141.04 lakh tonnes of sugar produced by 447 sugar mills on 31st January' 20 previous year.

Shortages of shipping containers have affected sugar export from India. The shortage of shipping containers has affected the white sugar export on a large scale. The geopolitical tensions with China have also affected the availability of containers in the country. As the sugar demand continues to increase from Afghanistan, Sri Lanka and East Africa but due to lack of containers there is slow movement of sugar from India. The mills are expected to export 200,000 tonnes of sugar including raw sugar. Till now, India has exported 70,000 tonnes of white sugar this month as compared with 370,000 tonnes in January 2020.

According to Indian Sugar Mills Association, major sugar producing states will focus on ethanol production.

According to the estimation around 6.74 lakh tonnes of sugar will be diverted for production of ethanol by the sugar mills in Uttar Pradesh in the current year as compared to about 3.70 lakh tonnes diverted in 2019-20 Sugar Season. Also, Sugar mills in Maharashtra will divert around 6.55 lakh tonnes of sugar compared 1.42 lakh tonnes in last season and mills in Karnataka are expected to divert about 5.41 lakh tonnes of sugar for ethanol production in the current year as compared to about 2.42 lakh tons diverted in the previous Season.

Government has announced 17 LMT Monthly sugar sales quota for February 2021. The food ministry has allocated 17 LMT monthly sugar quota for February 2021 which is 3 LMT lower than that of February 2020 which stood at 20 LMT. In the previous month the government has allocated 20 LMT monthly sugar quota for January 2021 to 548 mills.

Sangli District is likely to witness more sugar output this season. Around 15 sugar mills are operating in the district and have produced about 48 lakh tonne sugar by crushing 43 lakh tonne sugarcane in last two months. The district has recorded 11.24 per cent sugar recovery rate this season. Earlier the mills faced problems like lack of cane harvesters and demand of hike in cane harvesting rates at the beginning of the crushing season. However, the mills managed the issues and began crushing operations in November. The mill which were operating in the previous season are also engaged in the ongoing operations, and this will add more sugar in the district's output.

Kenya is planning to import sugar from Uganda. Kenya is planning to import around 90,000 tonnes of sugar from Uganda and 160,000 tonnes from other countries after exhausting COMESA import quota allotted to it. Kenya has been importing around 350,000 tonnes from within EAC and COMESA due to a widened deficit in its market.

Over Rs. 12,000 crore cane dues are still pending in Uttar Pradesh. The sugarcane farmers have supplied cane worth Rs 14,000 crore to the sugar mills in the ongoing season but have received only RS 4,448 crore. The payment made by the mills in the current season also includes arrears of over Rs 2,500 crore of the previous sugar seasons. Also, the state government has yet not announced the sugarcane SAP.

Commodity	USD (\$/Tonne)	Change
Thai Sugar FOB 45 Icumsa	474.80	9.40

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Tuesday February 05 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-21	210205	16.17	16.52	16.07	16.42	+0.37	55,991	337,328	-11,722
May-21	210205	15.38	15.77	15.36	15.70	+0.38	38,339	242,394	+6,702
Jul-21	210205	14.83	15.16	14.81	15.11	+0.32	12,993	166,584	-260
Oct-21	210205	14.72	15.01	14.67	14.96	+0.30	7,444	125,319	-312
Mar-22	210205	15.00	15.26	14.94	15.20	+0.25	3,152	80,376	+153
May-22	210205	14.15	14.38	14.05	14.31	+0.21	1,003	47,741	+96
Jul-22	210205	13.58	13.77	14.44	13.71	+0.17	410	39,596	+84
Oct-22	210205	13.30	13.53	13.24	13.41	+0.13	288	34,596	+74
Total Volume and Open Interest							119,927	1,101,883	-5,206

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Tuesday February 05 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Mar-21	210205	468.00	477.70	467.30	474.80	+9.40	4,830	31,921	-1700
May-21	210205	445.90	455.00	445.70	453.40	+8.70	4,261	42,383	+194
Aug-21	210205	426.20	433.50	425.80	431.40	+5.80	1,649	23,431	+330
Oct-21	210205	412.80	419.60	411.60	417.40	+5.40	329	6,320	+48
Dec-21	210205	410.00	415.00	408.00	413.10	+4.70	73	3,562	+7
Total Volume and Open Interest							10,522	110,634	-1,115

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			08-Feb-21	06-Feb-21	
Delhi	Delhi	M-Grade	3150	3150	Unch
	Delhi	S-Grade	3130	3130	Unch
Uttar Pradesh	Khatauli	M-Grade	3160	3170	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3075	3080	-5
	Dhampur	S-Grade Ex-Mill	3055	3060	-5
	Dhampur	L-Grade Ex-Mill	3125	3130	-5
Maharashtra	Mumbai	M-Grade	3310	3316	-6
	Mumbai	S-Grade	3196	3176	20
	Nagpur	M-Grade	3225	3175	50
	Nagpur	S-Grade	3125	3125	Unch
	Kolhapur	M-Grade	3100	3050	50
	Kolhapur	S-Grade	3000	3000	Unch
Assam	Guhawati	S-Grade	3309	3309	Unch
Meghalaya	Shillong	S-Grade	3320	3320	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3700	3700	Unch
	Vijayawada	S-Grade (With Duty)	3660	3660	Unch
West Bengal	Kolkata	M-Grade	3600	3600	Unch
Tamil Nadu	Chennai	S-Grade	3985	3985	Unch
	Dindigul	M-Grade (DCA)	4100	4100	Unch
	Coimbatore	M-Grade (DCA)	3540	3540	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	Unch

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

*DCA: Department of consumer affairs

Jaggery (Gur) Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			08-Feb-21	06-Feb-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2788	2825	-38

	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	6000	4000
	Muzaffarnagar	Khurpa (Fresh)	2413	2450	-37
	Muzaffarnagar	Laddoo (Fresh)	2850	2878	-28
	Muzaffarnagar	Rascut (Fresh)	2413	2425	-12
	Hapur	Chaurasa	Closed	2575	-
	Hapur	Balti	Closed	2500	-
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NR	NR	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	2950	2950	Unch
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2950	3000	-50
	Mandya	Yellow (Medium)	3000	3000	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

Disclaimer

Information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or lose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2021 Indian Business Systems Ltd.